



County of Los Angeles CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

September 18, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

TEN-YEAR LEASE DEPARTMENT OF MENTAL HEALTH 23501 CINEMA DRIVE, VALENCIA (FIFTH DISTRICT) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign a ten-year lease with Cinema Professional Center, LLC, (Landlord) for the Department of Mental Health (DMH) to occupy 11,474 rentable square feet of office space at 23501 Cinema Drive, Valencia, at a maximum initial annual rental cost of \$595,443, which is fully funded with State and Federal funds.
2. Authorize the Director of the Internal Services Department (ISD) and DMH to acquire telephone, data, and low voltage systems at a cost not to exceed \$390,000. The telephone, data, and low voltage costs shall be paid via lump sum payment.
3. Authorize the Director of ISD and DMH to acquire furniture at a cost not to exceed \$300,000.
4. Consider the Negative Declaration together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County to approve the Negative Declaration, find that the project will have no adverse effect on wildlife resources, and authorize the Chief Executive Office (CEO) to complete and file a Certificate of Fee Exemption for the project.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

5. Approve the project and authorize the CEO, DMH, and ISD to implement the project. The lease will be effective upon approval by your Board, but the term and rent will commence upon completion of the Tenant Improvements (TI) by the Landlord and acceptance thereof by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to relocate DMH's Santa Clarita Valley Mental Health Center (SCVMHC) from temporary offices to a permanent facility. In December 2006, SCVMHC was displaced from its leased facility at 25050 Peachland, Santa Clarita due to a severe fire that destroyed over 50 percent of the building. SCVMHC occupied 7,000 square feet in the building as part of a five-year lease that had an expiration date of May 13, 2007. However, this lease was terminated on December 31, 2006 in accord with the damage and destruction provisions of the lease. DMH has continued to provide services by housing staff within a 1,440 square foot modular office trailer located at 25044 Peachland as well as co-locating staff at a Community and Senior Services leased facility located at 24271 San Fernando Road, Newhall.

The SCVMHC is a direct-service, adult outpatient clinic serving 70-90 clients per day from the surrounding Santa Clarita Valley. SCVMHC consists of 39 employees providing the following services: Case Management, CalWORKS, Medication Support, GROW, and Crisis Intervention. These programs are funded by various State and Federal funding sources.

Although this space requirement was approved for 10,673 square feet and 32 parking spaces, the subject building provides a minimum of 50 parking spaces. This space requirement amounts to 295 square feet per employee, which is 18 percent greater than the standard clinic requirement of 250 square feet per employee. DMH has requested this clinic be designed with individual offices, larger waiting areas and group rooms. DMH anticipates that this configuration will enable it to see 135 to 187 clients per day, a significant increase over the current level of 70 to 90 clients per day.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we enhance the quality and productivity of the County workforce (Goal 2). The proposed lease supports this goal by providing a quality and efficient work environment for DMH employees, which is conducive to maximizing employee productivity. A quality and efficient work environment supports DMH staff in improving the social and emotional well-being of children and families in Los Angeles County (Goal 5). Compliance with the County's Strategic Asset Management Principles is further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum initial annual rental cost will be \$595,443, if all of the reimbursable TI funds are used.

23501 Cinema Drive, Santa Clarita	Proposed Lease
Term	10 Years
Total Area	11,474 rentable square feet (sq.ft.)
Annual Base Rent¹	\$374,511 (\$32.64 per sq. ft.)
Annual Operating Expense Rent²	\$68,844 (\$6.00 per sq. ft.)
Base Tenant Improvement (TI) Allowance	\$408,440 (\$35.60 per sq. ft.)
Additional Tenant Improvement (TI) Allowance	\$510,550 (\$44.50 per sq. ft.)
Change Order Allowance	\$100,000 (\$8.72 per sq. ft.)
Annual TI Reimbursement^{3*}	\$152,088
Maximum Annual Rent^{**} (1,2, and 3 combined)	\$595,443
Cancellation	Anytime after 7 th year, six months notice
Parking (included in Rent)	50 spaces
Option to Renew	None
Annual Rental Adjustment	Fixed at 4 percent for Base Rent throughout the term and 5 percent for Operating Expense Rent during the initial five years.

*\$610,550 represents the maximum amount of reimbursable TI funds available for this project. If this entire amount is expended and amortized over 60 months at the proposed rate of 9 percent, the annual TI reimbursement amount will be \$152,088, which equates to approximately \$13.25 per square foot per year.

**Maximum annual rent is the sum of annual base rent, annual operating expense rent and annual TI reimbursement.

Sufficient funding for the proposed lease costs is included in the 2007-08 Rent Expense Budget and will be billed back to DMH. DMH has allocated sufficient funds in its 2007-08 operating budget to cover the projected lease costs. The costs associated with the proposed lease will be fully funded with State and Federal funds.

After an extensive search of the Santa Clarita area, the subject medical building was one of two facilities that satisfy DMH's program requirements. Staff was unable to identify any non-medical buildings to fulfill this requirement. Based upon a survey of similar, medical properties within the Santa Clarita area, staff has determined that the rental range for a triple-net lease is between \$24.00 and \$36.00 per square foot per year. Thus, the proposed base annual rental rate of \$32.64 per square foot is within the rental range for the area.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed ten-year lease agreement comprises 11,474 square feet of office space, along with 50 parking spaces. The proposed lease contains the following provisions:

- The term commences upon completion of the TI by the Landlord, and acceptance thereof by the County. The term expires ten years thereafter.
- A base TI allowance of \$408,440 is included in the rent.
- A reimbursable TI allowance totaling \$510,550 is included in the proposed lease and it is payable after substantial completion of the TI work, via monthly amortization payments at an amortization rate of 9 percent over the initial 60 months of the term of the lease or via lump sum payment.
- A reimbursable Change Order allowance totaling \$100,000 is included in the proposed lease and it is payable after substantial completion of the TI work, via monthly amortization payments at an amortization rate of 9 percent over the initial 60 months of the term of the lease or via lump sum payment.
- The TI budget is intended to include the acquisition of furniture systems. However, DMH's unique design requests may cause the TI budget to be expended solely on construction costs thereby requiring additional funding for the furniture systems. In the event the TI budget is insufficient to accommodate the acquisition of furniture, DMH will purchase the furniture through the County's purchasing process.
- There is a cancellation provision allowing the County to cancel anytime after the seventh year upon six months advance notice to the Landlord.
- The rent includes on-site parking for 50 vehicles. Bus routes are available within walking distance of the proposed facility giving staff and clients convenient public transportation options.

- This is a triple-net lease whereby the County is responsible for all operating expenses associated with the Premises and its share of the building's operating expenses. The proposed rental payments do not include utility, janitorial and some maintenance expenses. During the initial five years of the term, an operating expense rent of \$6.00 per square foot per year is payable to the Landlord for the County's share of the building's operating expenses such as taxes, insurance, landscaping, and common area maintenance. The Operating Expense Rent is subject to annual fixed increases of 5 percent during the initial five years of the term and is subject to annual adjustment for the remainder of the term based on actual changes in the building's operating expenses.
- The Base Rent is subject to annual fixed increases of 4 percent throughout the term.

CEO Real Estate staff surveyed the Santa Clarita area based on the search area parameters provided by DMH, to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed areas that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within the search areas for these programs. There are no County-owned or leased facilities available for this program.

The subject building was constructed in 2006 and does not require a structural report from the Department of Public Works.

The subject facility is not suitable to support an on-site child care facility.

The proposed lease was submitted for review to your Board appointed Real Estate Management Commission (Commission) on August 15, 2007. After careful review, the Commission approved the proposed lease.

ENVIRONMENTAL DOCUMENTATION

The CEO has made an initial study of environmental factors and has concluded that this project will have no significant impact on the environment and no adverse effect on the wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. No comments to the Negative Declaration were received. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

The Honorable Board of Supervisors
September 18, 2007
Page 6

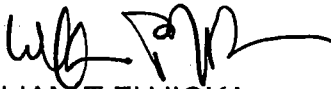
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease will provide the necessary office space for this County requirement. DMH concurs with the proposed lease.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease agreement and the adopted, stamped Board letter, and two certified copies of the Minute Order to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:JSE
CEM:KW:hd

Attachments (3)

c: County Counsel
Department of Mental Health

23501CinemaDrive.b2

DEPARTMENT OF MENTAL HEALTH
23501 CINEMA DRIVE, SANTA CLARITA
 Asset Management Principles Compliance Form¹

1. Occupancy		Yes	No	N/A
A	Does lease consolidate administrative functions? ²			X
B	Does lease co-locate with other functions to better serve clients? ²		X	
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the medical/clinical space guideline of 250 sf of space per person? ² Lease represents 295 sf per person. Increase is because of design requirements requested by the department.		X	
2. Capital				
A	Is it a substantial net County cost (NCC) program? 100% State and Federal funding.		X	
B	Is this a long term County program?	X		
C	If yes to 2 A or B; is it a capital lease or operating lease with option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned ?			X
F	Is Building Description Report attached as Attachment B?	X		
G	Was build-to-suit or capital project considered? Because a build-to-suit is not feasible for 11,474 square feet.		X	
3. Portfolio Management				
A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal, was co-location with other County departments considered ?			X
D	Why was this program not co-located?			
	1. The program clientele requires a "stand alone" facility.			
	2. X No suitable County occupied properties in project area.			
	3. X No County-owned facilities available for the project.			
	4. Could not get City clearance or approval.			
	5. The Program is being co-located.			
E	Is lease a full service lease? ² Landlord does not provide full service for any tenants in the building. The building's investors and lenders require triple-net leases only.		X	
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval? The building was constructed in 2006.		X	
	¹ As approved by the Board of Supervisors 11/17/98			
	² If not, why not?	Please bold any written responses		

Attachment B

SPACE SEARCH, SANTA CLARITA AREA

DEPARTMENT OF MENTAL HEALTH

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS NET	OWNERSHIP	SQUARE FEET AVAILABLE
4050	CAMP SCOTT-ADMINISTRATION BUILDING	28700 N BOUQUET CANYON RD, SAUGUS 91350	3625	2053 OWNED	NONE
T514	CAMP SCOTT-OFFICE TRAILER	28700 N BOUQUET CANYON RD, SAUGUS 91350	1581	1290 OWNED	NONE
3909	CAMP SCUDDER-ADMINISTRATION BUILDING	28750 N BOUQUET CANYON RD, SAUGUS 91350	4343	2487 OWNED	NONE
0117	PW ROAD-MOUNTAIN OPERATIONS SECTION OFFICE	35100 SAN FRANCISQUITO CANYON RD, SAUGUS 91350	480	432 PERMIT	NONE
0119	PW ROAD-MOUNTAIN OPERATIONS SECTION OFFICE	35100 SAN FRANCISQUITO CANYON RD, SAUGUS 91350	192	173 PERMIT	NONE
A341	DPSS-SANTA CLARITA BRANCH / LANCASTER AP DIST	27233 CAMP PLENTY RD, SANTA CLARITA 91351	8400	5610 LEASED	NONE
A526	PUB LIB-CANYON COUNTRY JO ANNE DARCY LIBRARY	18601 SOLEDAD CANYON RD, SANTA CLARITA 91351	12500	11250 PERMIT	NONE
0090	PW ROAD-DIV #553 MAINTENANCE YARD OFFICE	17931 SIERRA HWY, SANTA CLARITA 91351	820	738 OWNED	NONE
6121	ANIMAL CONTROL #6-OFFICE	31044 N CHARLEY CANYON RD, CASTAIC 91384	1962	857 OWNED	NONE
4687	PW ROAD-DIV #556 MAINT YD OFFICE	27624 W PARKER RD, CASTAIC 91384	576	441 OWNED	NONE
D143	DCSS-SANTA CLARITA VALLEY SERVICE CENTER	24271 SAN FERNANDO RD, NEWHALL 91321	11400	9120 LEASED	NONE
				LEASED	NONE
4490	HART-PARK HEADQUARTERS BUILDING	24151 SAN FERNANDO RD, SANTA CLARITA 91321	1646	897 OWNED	NONE
4284	HART-PARK OFFICE	24151 SAN FERNANDO RD, SANTA CLARITA 91321	662	464 OWNED	NONE
X151	HART-WEED CONTROL OFFICE	24151 SAN FERNANDO RD, SANTA CLARITA 91321	608	540 OWNED	NONE
X210	PLACERITA CANYON-MAINTENANCE OFFICE & STORAGE	19152 PLACERITA CANYON RD, NEWHALL 91321	300	291 GROUND LEASE	NONE
T592	SANTA CLARITA SENIOR CENTER-ANNEX	22900 MARKET ST, SANTA CLARITA 91321	1440	1296 OWNED	NONE
T593	SANTA CLARITA SENIOR CENTER-OFFICES	22900 MARKET ST, SANTA CLARITA 91321	1440	1296 PERMIT	NONE
X298	SANTA CLARITA VALLEY SENIOR CENTER	22900 MARKET ST, SANTA CLARITA 91321	9240	7920 OWNED	NONE
F371	PW FLOOD-PACOIMA DAM OFFICE	15300 N PACOIMA CANYON RD, NEWHALL 91321	598	538 OWNED	NONE
F381	PW FLOOD-PACOIMA DAM OFFICE	15300 N PACOIMA CANYON RD, NEWHALL 91321	980	882 OWNED	NONE
3315	PCHS DT CTR-COUNSELING OFFICE	29310 THE OLD RD, CASTAIC 91384	480	414 OWNED	NONE
0478	PCHS DT CTR-FIELD OFFICE / STORAGE BUILDING	29310 THE OLD RD, CASTAIC 91384	1870	1637 OWNED	NONE
1042	PCHS DT CTR-FOREMAN'S OFFICE	29310 THE OLD RD, CASTAIC 91384	174	104 OWNED	NONE
0515	PCHS DT CTR-GUARD HOUSE OFFICE	29310 THE OLD RD, CASTAIC 91384	240	221 OWNED	NONE
0465	PCHS DT CTR-HONOR RANCHO ADMINISTRATION BLDG	29310 THE OLD RD, CASTAIC 91384	2171	1517 OWNED	NONE
1935	PCHS DT CTR-LIBRARY	29310 THE OLD RD, CASTAIC 91384	4477	3861 OWNED	NONE
2570	PCHS DT CTR-MASONRY OFFICE	29310 THE OLD RD, CASTAIC 91384	288	246 OWNED	NONE
4792	PCHS DT CTR-MEDIUM SECURITY ADMINISTRATION	29310 THE OLD RD, CASTAIC 91384	25726	16719 OWNED	NONE
1036	PCHS DT CTR-MOTOR POOL OFFICE	29310 THE OLD RD, CASTAIC 91384	397	262 OWNED	NONE
4504	PCHS DT CTR-NURSERY OFFICE	29310 THE OLD RD, CASTAIC 91384	1629	1230 OWNED	NONE
X127	PCHS DT CTR-RANGE MASTER'S OFFICE	29310 THE OLD RD, CASTAIC 91384	665	362 OWNED	NONE
1936	PCHS DT CTR-REHABILITATION OFFICE	29310 THE OLD RD, CASTAIC 91384	4477	3823 OWNED	NONE
2444	PCHS DT CTR-TRUCK SCALE BUILDING	29310 THE OLD RD, CASTAIC 91384	54	40 OWNED	NONE
3733	PCHS DT CTR-WASTE DISPOSAL PLANT OFFICE	29310 THE OLD RD, CASTAIC 91384	760	266 OWNED	NONE
4085	PUBLIC LIBRARY-NEWHALL LIBRARY	22704 W 9TH ST, SANTA CLARITA 91321	4842	3432 OWNED	NONE
F487	PW FLOOD-SANTA CLARA MAINTENANCE CREW OFFICE	21014 GOLDEN TRIANGLE RD, SANTA CLARITA 91351	125	112 OWNED	NONE
A920	BOARD OF SUP-5TH DISTRICT FIELD OFFICE	23920 W VALENCIA BLVD, SANTA CLARITA 91355	1224	1026 LEASED	NONE
A524	DCFS-REGION VIII SANTA CLARITA SERVICES	28490 AVE STANFORD, SANTA CLARITA 91355	32743	29469 LEASED	NONE
5541	PUBLIC LIBRARY-VALENCIA LIBRARY	23743 W VALENCIA BLVD, SANTA CLARITA 91355	24144	19245 OWNED	NONE
5542	SANTA CLARITA ADMINISTRATIVE CENTER BUILDING	23757 W VALENCIA BLVD, SANTA CLARITA 91355	22767	20427 OWNED	NONE
5543	SANTA CLARITA COURTHOUSE	23747 W VALENCIA BLVD, SANTA CLARITA 91355	32950	17979 OWNED	NONE

DATE POSTED – August 7, 2007

NOTICE OF PREPARATION OF NEGATIVE DECLARATION

This notice is provided as required by the California Environmental quality Act and California Administrative Code Title 14 Division 6, Section 15072 (a) (2) B.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

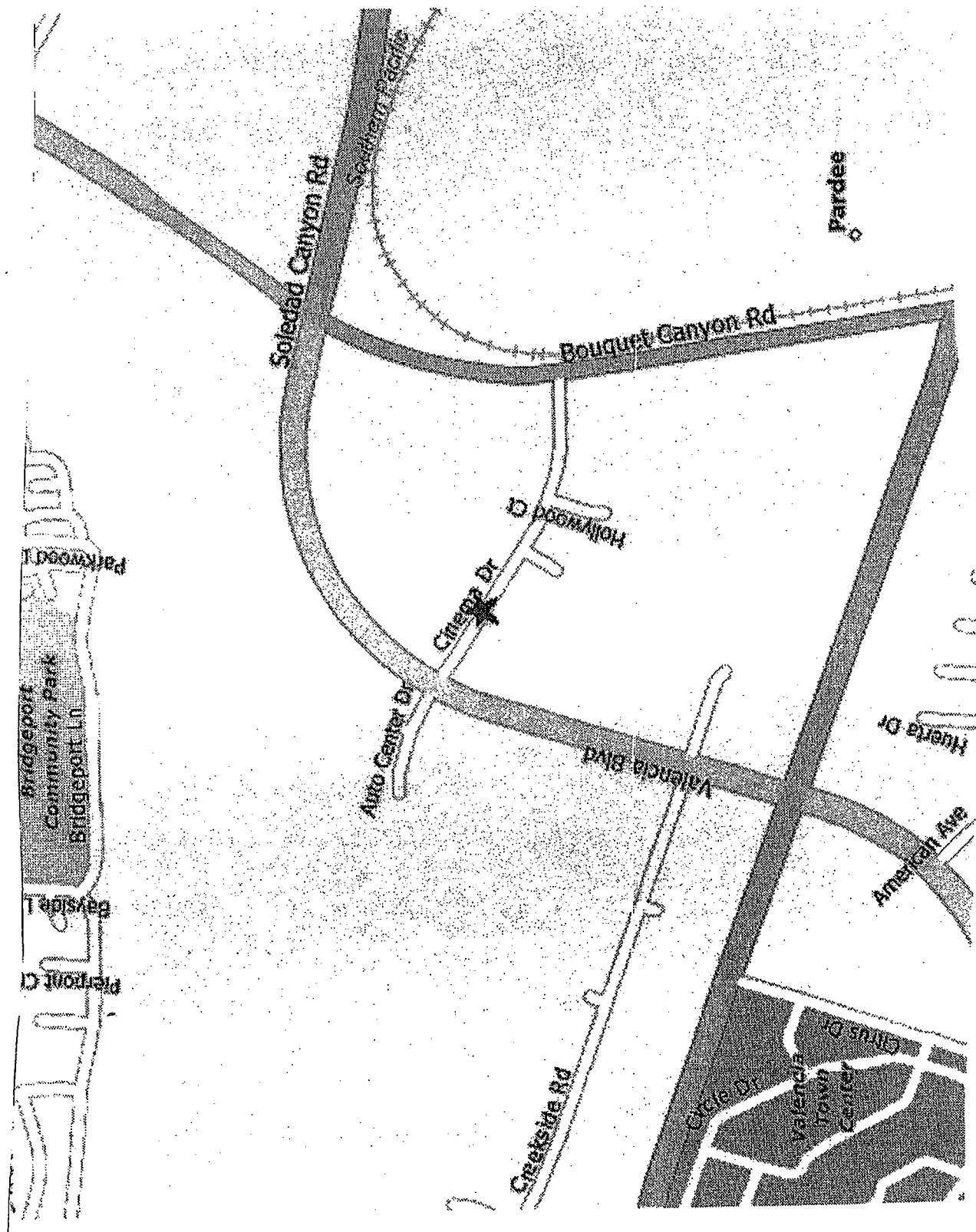
1. Name of Proponent - County of Los Angeles
Chief Administrative Office
2. Address/Phone No. - 222 South Hill Street, 3rd Floor
Los Angeles, California 90012

<u>Agent</u>	<u>Telephone</u>
Kevin Webb	(213) 974-4170
3. Date Information Form Submitted – August 6, 2007
4. Agency Requiring Information Form - Los Angeles County
Chief Administrative Office
5. Name of Proposal, if Applicable -
6. Address of Facility Involved – 23501 Cinema Drive
Valencia, CA 91355

ORIGINAL FILED
AUG 07 2007
LOS ANGELES, COUNTY CLERK

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2. above and referring to the proposal by name or to the facility by address.

Si necesita informacion en espanol, por favor de comunicarse con el agente designado, para asistencia en obtener una traduccion.



NEGATIVE DECLARATION

Department Name: Mental Health
Project: Santa Clarita Valley Mental Health Center

Pursuant to Section 15072, California Environmental Quality Act and California Administrative Code Title 14, Division 6

1. Description of Project

The leasing of existing office space in an existing commercial building to be used by the County of Los Angeles, Department of Mental Health as a counseling center.

2. a. Location of Project (plot plan attached)

23501 Cinema Drive
Valencia, CA 91355

b. Name of Project Proponent

County of Los Angeles
Chief Administrative Office
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012

3. Finding for Negative Declaration

It has been determined that this project will not have a significant effect on the environment based on information shown in the attached Environmental Information Form dated August 6, 2007 which constitutes the Initial Study of this project.

4. Initial Study

An Initial Study leading to this Negative Declaration has been prepared by the Chief Administrative Office and is attached hereto.

5. Mitigation Measures Included in Project

None required.

Date
August 6, 2007

Real Property Agent
Kevin Webb

Telephone
(213) 974-4170

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE**

NEGATIVE DECLARATION

I. Location and Description of the Project

The proposed project is for the County of Los Angeles to lease facilities at 23501 Cinema Drive, Valencia, California, which will be used by the Department of Mental Health for administrative and clinical purposes. The facilities, located in the Fifth Supervisorial District approximately 37 miles from the Los Angeles Civic Center, include 11,474 square feet of office space. The County shall have use of 50 off-street parking spaces for Mental Health staff and visitors. The Landlord has no expansion plans beyond the scope of this project.

II. Finding of No Significant Effect

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

III. Mitigation Measures

None required.

I. Location and Description of Project

These proposed leased premises are located at 23501 Cinema Drive, Valencia, located in the Fifth Supervisorial District approximately 37 miles north of the Los Angeles Civic Center and 4 miles east of the Interstate 5 Freeway. (See attached map)

The building to be used is owned by Cinema Professional Center, LLC. and is intended for use as office/medical space. Located at the site are 50 exclusive off-street parking spaces for the County's use and ample public parking located on the surface streets surrounding the area.

This project consists of leasing this facility for 10 years in which will be located the Department of Mental Health, Santa Clarita Valley Mental Health Center. It is anticipated that an average of 30-40 employees will be occupying the premises with the maximum employee occupancy anticipated to be 40 per day. In addition to the employees, it is anticipated that an average of 70-90 members of the public will be visiting the facility, daily, to receive individual and group mental health services. No expansion of existing premises will occur for this project and no alterations, except for interior furnishings, will be performed for this project.

II. Compatibility with General Plan

This project site is currently designated as commercial office use in the City of Santa Clarita General Plan and zoned LCC3. The proposed project would be consistent with these designations.

III. Environmental Setting

The project site is located in an area of retail and commercial type facilities. The site includes approximately 36,412 square feet of developed property within a 55,000 square foot parcel. The site is bordered by Valencia Boulevard on the north side, Creekside Road on the south side, Auto Center Drive on the west side, and Bouquet Canyon Road on the east side.

IV. Identification of Environmental Effects

- A. The impact of the proposed project on existing land forms will be negligible as no reshaping of the soil nor excavation nor foundations, utility lines, sewer lines or water lines will be necessary.
- B. The project will not conflict with adopted environmental plans and goals of the City of Santa Clarita.

- C. The project will not have a substantial demonstrable negative aesthetic effect on the site. The existing facility will be continued to be maintained as part of the lease arrangement.
- D. No rare or endangered species of animal or plant or the habitat of the species will be affected by the project. Nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.
- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic. Nor will it affect the carrying capacity of the present street system. This is a government use of private property for public benefit purposes. The County's use is in conformance with uses approved by the City of Santa Clarita.
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.
- L. The proposed developed project will not cause flooding, erosion or siltation.
- M. The project will not expose people or structures to major geologic hazards.
- N. The project will not expend a sewer trunk line. All necessary utilities are available currently to the facility.
- O. No increased energy consumption is anticipated by the County's use of the premises.

- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

V. Discussions of Ways to Mitigate Significant Effects

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

- A. None Required.

VI. Initial Study Preparation

This study was prepared by Kevin Webb of the Los Angeles County Chief Administrative Office, Real Estate Division. This study was completed on August 6, 2007.

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

DEPARTMENT: Mental Health, as Tenant

LANDLORD: Cinema Professional Center, a California Limited Liability Company

[23501 Cinema Drive, Valencia, CA 91355]

TABLE OF CONTENTS

	<u>Page</u>
1. BASIC LEASE INFORMATION.....	1
(a) <u>Landlord's Address for Notice:</u>	1
(b) <u>Tenant's Address for Notice:</u>	1
(c) <u>Premises:</u>	1
(d) <u>Building:</u>	1
(e) <u>Term:</u>	2
(f) <u>Projected Commencement Date:</u>	2
(g) <u>Commencement Date:</u>	2
(h) <u>Irrevocable Offer Expiration Date:</u>	2
(i) <u>Base Rent:</u>	2
(j) <u>Early Termination Notice Date:</u>	2
(k) <u>Rentable Square Feet in the Premises:</u>	2
(l) <u>Useable Square Feet in Premises:</u>	2
(m) <u>Use:</u>	3
(n) <u>Initial Departmental Use:</u>	3
(o) <u>Parking Spaces:</u>	3
(p) <u>Normal Working Hours:</u>	3
(q) <u>Asbestos Report:</u>	3
(r) <u>Operating Expenses:</u>	3
1.2 <u>Defined Terms Relating to Landlord's Work Letter</u>	3
(a) <u>Base Tenant Improvement Allowance</u>	3
(b) <u>Additional Tenant Improvement Allowance</u>	4
(c) <u>Maximum Change Order Allowance</u>	4

(d) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u>	4
(e) <u>Base Rent Reduction</u>	4
(f) <u>Tenant's Work Letter Representative</u>	4
(g) <u>Landlord's Work Letter Representative</u>	4
(h) <u>Landlord's Address for Work Letter Notice</u>	4
(i) <u>Tenant's Address for Workletter Notice</u>	4
1.3 <u>Exhibits to Lease:</u>	5
1.4 <u>Landlord's Work Letter:</u>	5
2. PREMISES.....	6
3. COMMON AREAS	6
4. COMMENCEMENT AND EXPIRATION DATES.....	6
5. RENT	7
6. USES	8
7. HOLDOVER.....	8
8. COMPLIANCE WITH LAW	8
9. DAMAGE OR DESTRUCTION.....	8
10. REPAIRS AND MAINTENANCE.	9
11. SERVICES AND UTILITIES.	11
12. OPERATING EXPENSES	15
13. LANDLORD ACCESS.....	15
14. TENANT DEFAULT.....	15
15. LANDLORD DEFAULT.....	15
16. TENANT ASSIGNMENT	16
17. ALTERATIONS AND ADDITIONS.....	16
18. CONDEMNATION.	17

19.	INDEMNIFICATION.....	18
20.	INSURANCE.....	18
21.	PARKING.....	19
22.	ENVIRONMENTAL MATTERS	20
23.	ESTOPPEL CERTIFICATES.....	21
24.	TENANT IMPROVEMENTS	21
25.	LIENS.....	21
26.	SUBORDINATION AND MORTGAGES	21
27.	SURRENDER OF POSSESSION	22
28.	SIGNAGE	22
29.	QUIET ENJOYMENT.....	22
30.	GENERAL	22
31.	AUTHORITY.....	24
32.	ACKNOWLEDGEMENT BY LANDLORD	24
33.	TAXES.....	26
34.	IRREVOCABLE OFFER	27
35.	MISCELLANEOUS.....	27

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

THIS LEASE AND AGREEMENT (the "Lease"), is made and entered into in duplicate original as of the _____ day of _____, 2007 by and between Cinema Professional Center, LLC ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant").

Landlord and Tenant agree:

1.1 BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1.1, unless otherwise specifically modified by provisions of this Lease:

(a) Landlord's Address for Notice: 149 S. Barrington Ave. #330
Los Angeles, CA 90049

(b) Tenant's Address for Notice: Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012

With a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

(c) Premises: Approximately 11,474 rentable square feet in the Building (defined below) as shown on Exhibit A attached hereto.

(d) Building: The building located at 23501 Cinema Drive, Valencia, CA 91355. which is currently assessed by the County Assessor as APN 2811-026-053 (the "Property");

- (e) Term: 10 years commencing upon Tenant's Acceptance of the Premises as defined in Section 4(a) (the "Commencement Date"); and terminating at midnight on the day before the tenth anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.
- (f) Projected Commencement Date: February 1, 2008
- (g) Commencement Date: To Be Determined
- (h) Irrevocable Offer Expiration Date: September 15, 2007
- (i) Base Rent: Tenant to pay the following NNN rental rate per rentable square foot per month (adjustable only as provided in Section 2(b) hereof.):
- | | |
|------|---------|
| Yr1 | \$ 2.72 |
| Yr2 | \$ 2.83 |
| Yr3 | \$ 2.94 |
| Yr4 | \$ 3.06 |
| Yr5 | \$ 3.18 |
| Yr6 | \$ 3.31 |
| Yr7 | \$ 3.44 |
| Yr8 | \$ 3.58 |
| Yr9 | \$ 3.72 |
| yr10 | \$ 3.87 |
- (j) Early Termination Notice Date: 84 months following the Commencement Date
- (k) Rentable Square Feet in the Premises: 11,474
- (l) Useable Square Feet in the Premises: 10,211

- (m) Use: Mental Health Clinic, or other medical related use subject to Landlord's approval.
- (n) Initial Departmental Use: Mental Health
- (o) Parking Spaces: Tenant has the right to utilize up to five (5) parking spaces per one-thousand useable square feet of space leased. All parking spaces shall be on a non-exclusive basis, shared in common with Tenant, Tenant's employees, patients and visitors, and with other tenants of the Building.
- (p) Normal Working Hours: 7:00 a.m. to 7:00 p.m., Monday through Friday and 9:00 a.m. to 2:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.
- (q) Asbestos Report: N/A
- (r) Operating Expenses Tenant's pro rata share of Operating Expenses shall be 31.51%, calculated as 11,474 rentable square feet divided by 36,412 Building rentable square feet ("Pro Rata Share"). Notwithstanding the foregoing, in the first year of the Term, Tenant shall pay no more than \$0.50 per rentable square foot of the Premises per month, to be increased 5% per annum for years two (2), three (3) and four (4) ("Fixed Operating Expenses"). Beginning in year five (5), Tenant shall pay its Pro Rata Share of Operating Expenses.

1.2 Defined Terms Relating to Tenant Improvements (TIs)

- (a) Base Tenant Improvement Allowance \$40.00 per useable square foot of space leased.

- (b) Additional Tenant Improvement Allowance Up to a maximum of \$50.00 per useable square foot of space leased, to be amortized over the initial 60 months of the Term and repaid to Landlord monthly, beginning in the first month of the Term at 9% per annum or to be reimbursed to Landlord via lump sum payment.
- (c) Maximum Change Order Allowance \$100,000, to be amortized over the initial 60 months of the Term and repaid to Landlord monthly, beginning in the first month of the Term at 9% per annum or to be reimbursed to Landlord via lump sum payment.
- (d) Additional Tenant Improvement and Change Order Amortization Rate: 9% per annum
- (e) Base Rent Reduction N/A
- (f) Tenant's Work Letter Representative Kevin Webb
- (g) Landlord's Work Letter Representative Ken Kennedy
- (h) Landlord's Address for Work Letter Notice 149 S. Barrington Ave. #330
Los Angeles, CA 90049
- (i) Tenant's Address for Workletter Notice Board of Supervisors
Kenneth Hahn Hall of Administration,
500 West Temple Street, Room 383
Los Angeles, California 90012

With a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

1.3 Exhibits to Lease:

Exhibit A – Floor Plan
Exhibit B- Commencement Date
Memorandum
Exhibit C - Tenant Estoppel Certificate
Exhibit D – Subordination, Non-disturbance
and Attornment Agreement
Exhibit E – Nondisturbance Agreement
Exhibit F - Request for Notice
Exhibit G - Community Business Enterprises
Form

1.4 Landlord's Work Letter:
(executed concurrently with this Lease and
made a part hereof by this reference):

Landlord's Work Letter
Addendum A: Base Building Improvements
Addendum B: Tenant Improvements
Addendum C Memorandum of Tenant
Improvement Costs

2. PREMISES

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

(b) Tenant shall have the right within 90 days of approval of this Lease by the Board of Supervisors of the County of Los Angeles ("Board of Supervisors") to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association ("BOMA") International except that no penthouse mechanical room space shall be included in the measurement. Should this measurement be less than the square footage stated above, Tenant shall have the right to adjust such square footage and reduce the Base Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord and the Tenant. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no adjustment made to either the square footage or the Base Rent in the event the measured square footage exceeds the amount represented by Landlord. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this subsection (b) Landlord shall appoint an independent firm or person who is experienced in making such measurements whose determination with respect which measurement is correct shall be final and binding upon the parties. Landlord and Tenant shall share equally in the fees of such firm.

3. COMMON AREAS. Tenant may use the following areas (collectively, the "Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

(a) Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within 30 days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit B. The Commencement Date shall be the date of Tenant's Acceptance of the Premises. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are Substantially Complete, Tenant has inspected the Premises and Tenant has accepted the Premises.

The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent (final sign-off by City and/or County Fire and Building Inspectors; (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease.

(b) Termination Right. If the Commencement Date has not occurred within 90 days from the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays as provided in Landlord's Work Letter, which has been executed concurrently herewith, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder.

(c) Early Possession. Tenant shall be entitled to possession of the Premises not less than 30 days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Base Rent for such early occupancy period.

(d) Early Termination. Tenant shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than 180 days prior written notice executed by the Chief Executive Officer of Tenant such notice to be accompanied by a check in the amount of the then unamortized balance of any funds expended by Landlord for (i) Tenant Improvements as detailed in Sections 1.2(a) and 1.2(b) of this Lease, (ii) all leasing commissions paid and (iii) any other itemized unamortized expenditures associated with this Lease.

5. RENT. The first full calendar month's rent shall be due and payable on the Commencement Date in the total amount shown in Section 1.1(i) hereof. A monthly installment in the same amount, subject to the adjustments described herein below, shall be due and payable without demand on or before the first day of each calendar month succeeding the Commencement Date during the Term, except that Rent for any fractional calendar month at the commencement or end of the Term shall be prorated on a daily basis, provided that Landlord shall file a payment voucher with the Auditor of the County of Los Angeles (the "County") for the monthly Rent prior to the Commencement Date for the initial month(s) of the Term up to and including June, and annually thereafter in June for the ensuing 12 months.

6. USES. The Premises are to be used only for the uses set forth in Section 1.1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use, provided such use is consistent with the uses of other occupants of the Building.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon 90 days written notice from Landlord or 90 days written notice from the Chief Executive Officer of Tenant at 125% of the last monthly Base Rent payable under this Lease (as such Base Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Building shell and Common Areas to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 270 days, provided insurance proceeds are available to repair the damages, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements.

Landlord shall promptly, but in any event within 10 days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material Default hereunder. Base Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 270 days for any reason, then Tenant may terminate this Lease by giving written notice within 10 days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Base Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than 30 days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is 30 days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (a) declare a default hereunder or (b) perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at 10% per annum, from the Base Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents to Tenant that (i) the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; and (iii) the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined) and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering; (2) interior partitions; (3) doors; (4) the interior side of demising walls and (5) signage. Without limiting the foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed, (b) be at least equal in quality, value and utility to the original work or installation, (c) be in accordance with all laws.

(c) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than 5 days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at 10% per annum.

If not reimbursed by Landlord within 10 days, Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 15.

11. SERVICES AND UTILITIES.

Landlord shall be responsible for providing the following services and utilities to the Tenant:

(a) HVAC. As part of the work described in Addendum B Tenant Improvements, Landlord shall furnish heating, ventilation and air conditioning equipment ("HVAC"), in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings in the area in which the Premises is located.

(b) Electricity. Landlord shall furnish to the Premises an amount of electric current not less than 7 watts (connected load) per Rentable Square Foot in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or subpanels necessary for Tenant to utilize such capacity in the Premises.

(c) Elevators. Landlord shall provide Tenant access to the Building's existing elevators.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Waste Removal. Landlord shall be responsible for waste and trash removal, sprinkler and sewer services, and janitorial services for the Building common areas.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a 7 day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

(g) Utilities. Tenant shall directly pay for all gas, heat, light, power and sewer charges, telephone service and all other services and utilities supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Tenant, then Tenant shall pay its pro rata share of all charges jointly metered with other premises and Common Areas. Depending on Tenant's use of such services, this proportion may or may not coincide with Tenant's Proportionate Share. Landlord may require Tenant to install a meter or sub-meter to measure utility usage from a common meter and such installation, including permits, labor and materials required, shall be solely at Tenant's cost and expense.

Landlord shall not be liable to Tenant for interruption in or curtailment of any utility service, except to the extent such interruption or curtailment is due to Landlord's negligence or intentional misconduct.

12. OPERATING EXPENSES.

(a) In addition to the Base Rent provided in Section 1.1(i) hereinabove, notwithstanding whether Base Rent is due and commencing on the Commencement Date, Tenant shall pay to Landlord as additional rent beginning on the Commencement Date, Tenant's share (as specified in Section 1.1(q)) of the total cost of the following items (herein collectively called "Operating Expenses") :

(1) All Tax Expenses as defined below. "Tax Expenses" shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary (including, without limitation, real estate taxes, general and special assessments, special assessment district payments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Building), which Landlord shall pay because of or in connection with the ownership, leasing and operation of the real property on which the Building is located ("Real Property") or Landlord's interest therein. Tax Expenses shall include, without limitation: (a) any tax on Landlord's rent, right to rent or other income from the Building and Real Property or as against Landlord's business of leasing any of the Building and Real Property; (b) any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election ("Proposition 13") and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies, and charges and all similar assessments, taxes, fees, levies and charges be included within the definition of Tax Expenses for purposes of this Lease; (c) any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitation, any gross income tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; and (d) any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises.

(2) All Direct Expenses for the Building and Real Property. "Direct Expenses" means all expenses, costs, and amounts of every kind that Landlord pays or incurs because of or in connection with the ownership, operation, management, maintenance, repair, replacement, or restoration of the Building and Real Property, including but not limited to any amounts paid or incurred for: (a) the cost of supplying any utilities, (b) the cost of operating, managing, maintaining, and repairing all Building systems, including the following systems: utility, mechanical, sanitary, storm drainage, escalator, and elevator, (c) the cost of supplies and tools and of equipment, maintenance, and service contracts in connection with those systems, (d) the cost of licenses, certificates, permits, and inspections, (e) the cost of contesting the validity or applicability of any government enactments that may affect the Direct Expenses, (f) the costs incurred in connection with the implementation and operation of a transportation system management program or similar program, (g) the cost of insurance carried by Landlord, in amounts reasonably determined by Landlord, (h) fees, charges, and other costs including management fees (or amounts in lieu of such fees), consulting fees, legal fees, and accounting fees of all persons engaged by Landlord or otherwise reasonably incurred by Landlord in connection with the operation, management, maintenance, and repair of the Real Property, (i) the cost of parking area maintenance, repair, and restoration, including resurfacing, repainting, restriping, and cleaning, (j) wages, salaries, and other compensation and benefits of all persons engaged in the operation, maintenance, or security of the Building plus employer's Social Security taxes, unemployment taxes, insurance, and any other taxes imposed on Landlord that may be levied on those wages, salaries, and other compensation and benefits. If any of Landlord's employees provide services for more than one building of Landlord, only the prorated portion of those employees' wages, salaries, other compensation and benefits, and taxes reflecting the percentage of their working time devoted to the Real Property shall be included in Direct Expenses, (k) payments under any easement, license, operating agreement, declaration, restrictive covenant, or instrument relating to the sharing of costs by the Building, including without limitation costs relating to Common Areas of the Building, (l) amortization of the cost of acquiring or renting personal property used in the maintenance, repair, and operation of the Building and Real Property, (m) the cost of capital improvements or other costs incurred in connection with the Building and Real Property that (1) are intended as a labor-saving device or to effect other economies in the maintenance or operation of all or part of the Building and Real Property or (2) are required under any government law or regulation but that were not required in connection with the Building and Real Property when permits for the construction of the Building were obtained. All permitted capital expenditures shall be amortized over their useful life, as reasonably determined by Landlord.

(3) Direct Expenses shall not include: (a) depreciation, interest, or amortization on mortgages or ground lease payments, except as otherwise stated in this Section 12, (b) legal fees incurred in negotiating and enforcing tenant leases, (c) real estate brokers' leasing commissions, (d) initial improvements or alterations to tenant spaces, (e) the cost of providing any service directly to and paid directly by any tenant, (f) costs of capital improvements, except as expressly provided above, and (g) costs of any items for which Landlord receives reimbursement from insurance proceeds or a third party. Insurance proceeds shall be excluded from Direct Expenses in the year in which they are received, except that any deductible amount under any insurance policy shall be included within Direct Expenses.

(b) Upon the Lease Commencement Date, Landlord may submit to Tenant a statement of the anticipated monthly Operating Expenses for the period between the Commencement Date and the following January and Tenant shall pay these Operating Expenses on a monthly basis as Additional Rent concurrently with the payment of the Base Rent. Tenant shall continue to make said monthly payments until notified by Landlord of a change thereto. By April 1st of each year, Landlord shall endeavor to give Tenant a statement showing the total Operating Expenses of the Building and Real Property for the prior calendar year and Tenant's allocable share thereof, prorated from the Commencement Date. In the event the total of the monthly payments which Tenant has made for the prior calendar year is less than the Tenant's actual share of such Operating Expenses, then Tenant shall pay the difference in a lump sum within twenty (20) days after receipt of such statement from Landlord and shall concurrently pay any difference between the monthly payments already made during the current calendar year based on the prior year's anticipated monthly Operating Expenses and the amount of monthly payments which are then calculated as monthly Operating Expenses. Any overpayment by Tenant shall be credited toward the monthly Operating Expenses next coming due. Irrespective of the expiration of the Lease Term and even though Tenant has vacated the Premises, when the final determination is made of Tenant's share of said Operating Expenses for the year in which this Lease terminates, Tenant shall immediately pay any increase due over the estimated Operating Expenses previously paid and, conversely, any overpayment made shall be promptly refunded by Landlord to Tenant. Failure of Landlord to submit statements as called for herein shall not be deemed to be a waiver of Tenant's requirement to pay sums as herein provided. Tenant shall have the right, at Tenant's sole cost and expense, to audit Landlord's books with respect to any annual statement of Operating Expenses within one year after receipt of that statement upon, upon reasonable prior written notice given to Landlord. In the event that such audit discloses an overpayment by Tenant in excess of four percent (4%) of Tenant's Proportionate Share of the expenses, Tenant shall submit to Landlord the results of said audit in writing and, in the event that Landlord agrees with the results of said audit and reasonably determines that Tenant has overpaid said reimbursements, Landlord shall refund such overpayment to Tenant.

13. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, Base Rent shall be prorated based upon the percentage of the Premises or Building rendered untenable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

14. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Default") shall constitute a material default and breach of this Lease by Tenant:

(i) the failure by Tenant to make any payment of Base Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten (10) days after written notice to Tenant;

(ii) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of 30 days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than 30 days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) No Effect on Indemnity. Nothing in this Section 13 shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

15. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(c) 20 and 21(b), Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within 10 days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)) ; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such 5 day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion.

If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of 10% per annum from the installments of Base Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Base Rent next coming due; or (iv) to terminate this Lease.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

16. TENANT ASSIGNMENT. Tenant may not assign, or otherwise transfer this Lease without first obtaining Landlord's prior consent: provided, however, no such assignment, or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

17. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. If Landlord fails to respond in writing within 30 days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

18. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If more than 25%, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within 30 days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than 30 days nor later than 90 days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within 30 days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within 180 days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

19. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act or omission or willful misconduct of Tenant or its employees or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

20. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture and furnishings which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises. Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease shall constitute a material breach of this Lease.

(b) Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California.

(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least 15 days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that Landlord has named Tenant as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required.

Further, all certificates shall expressly provide that no less than 30 days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

21. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of parking stalls set forth in Section 1.1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants, other than as marked. Tenant acknowledges that all parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receive all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease during Normal Working Hours and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant under Section 15 and Sections 9 and 18 in the event of casualty or condemnation) Tenant may, subject to appropriate cure period as set forth herein (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective 30 days thereafter or (b) deduct from the Base Rent thereafter accruing hereunder an amount each month equal to \$90.00 per parking space.

22. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas. A default by Tenant under this Section shall constitute a material default under this Lease.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials on the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

23. ESTOPPEL CERTIFICATES. Tenant shall, within 30 days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Exhibit "E" attached hereto and incorporated herein by this reference, but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

24. TENANT IMPROVEMENTS. Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

25. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

26. SUBORDINATION AND MORTGAGES.

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Exhibit "F" attached hereto and incorporated herein by this reference, and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Premises shall provide a written non-disturbance agreement to Tenant, in the form of Exhibit "G" attached hereto and incorporated herein by this reference, within 30 days after the execution of this Lease.

(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Premises in the form of Exhibit "H" attached hereto and incorporated herein by this reference.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Premises gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten days within which to cure such Default.

27. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

28. SIGNAGE. Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances, and the Landlord's Building sign program.

29. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

30. GENERAL

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than NAI Capital Commercial or as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Tenant shall receive from Landlord or Landlord's broker, within ten (10) days after the execution of this Lease, an amount equal to 50% of all commissions due to Landlord's broker as a result of the execution of this Lease.

(d) Entire Agreement. This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(e) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(f) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(g) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(h) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(i) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) days after written request is made therefore, together with all necessary information.

(k) Community Business Enterprises Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Exhibit "I" attached hereto and incorporated herein by this reference.

31. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action.

No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its delegee (the "Chief Executive Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Base Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

32. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Base Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County. Notwithstanding the foregoing, Lessee hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (collateralized mortgage backed securities) financing or other traditional real estate financing other than bond and certificate of participation financing.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Base Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(vii) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

33. TAXES. Landlord shall pay promptly all real property taxes, assessments, and special assessments which may be levied or assessed against the Building or Premises during the term of this Lease or any renewal or holdover period, thereof.

In the event Landlord fails or refuses to pay any or all taxes or assessments when due, then Landlord shall have materially defaulted on this provision of the Lease and Tenant shall give Landlord at least thirty days' advance written notice of its intent to pay such taxes and/or assessments and deduct the respective payment amount from future rental payments as a charge against the Landlord.

34. IRREVOCABLE OFFER. In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County, if applicable, in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.1.

35. MISCELLANEOUS.

(a) Movie Rights Reserved. Landlord reserves exclusive rights to negotiate, license and lease the Building and/or the Real Property for the purposes of television programs, motion pictures, video programs, commercials and all other types of film or video documentaries or productions, so long as such leases or licenses do not unreasonably interfere with Tenant's use of the Premises, including without limitation the use of all parking to which Tenant is entitled hereunder, ingress and egress, and patient confidentiality. In the event that Landlord grants any leases or licenses pursuant to this Section 35(a), Landlord shall provide Tenant with as much advance notice of same as possible, and in no event less than 24 hours notice. All royalties, fees and compensations received from such licenses and leases shall belong exclusively to the Landlord.

(b) Access Card. The Building has a central security system for the control of after-standard-building-hours ingress and egress from the Building. A deposit of \$20 will be required for each access card requested by Tenant.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

CINEMA PROFESSIONAL CENTER, LLC,

By: Cinema EQ Investors

Its: Managing Member

By: 


Name: Charles Benson

Its: Managing Partner

TENANT:

COUNTY OF LOS ANGELES

a body politic and corporate

By: 

ZEV YAROSLAVSKY

Chairman, Board of Supervisors

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

By: 
Deputy



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By: 
Deputy


APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By: 
Deputy County Counsel

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

11 SEP 18 2007


SACHI A. HAMAI
EXECUTIVE OFFICER

#11 SEP 18 2007

76348

EXHIBIT A
FLOOR PLAN OF PREMISES

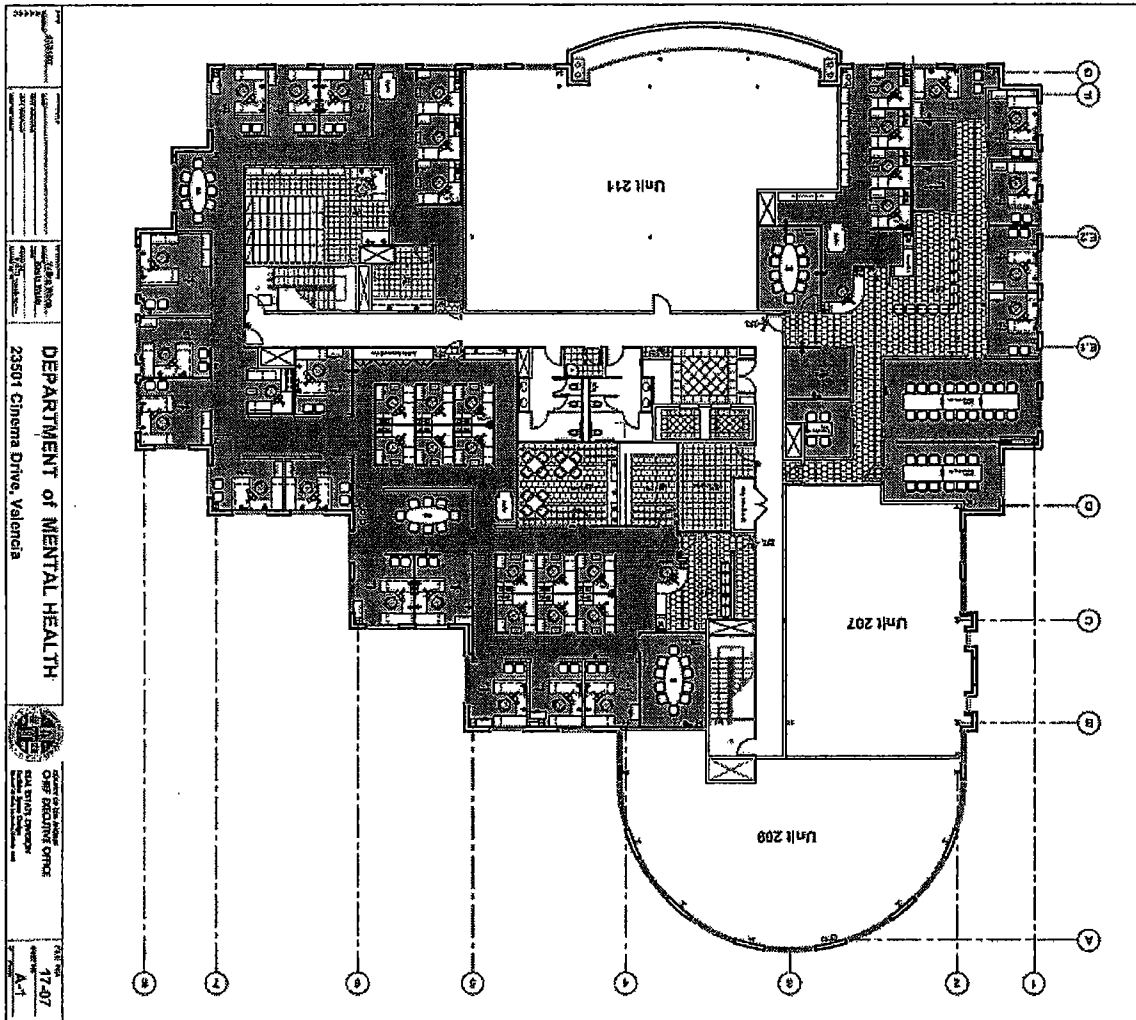


EXHIBIT B

COMMENCEMENT DATE MEMORANDUM

Reference is made to that certain lease ("Lease") dated _____, 2007, between County of Los Angeles, a body politic and corporate ("Tenant"), and _____, a _____ ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at _____ ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on _____ ("Commencement Date");
- (4) The Premises contain _____ rentable square feet of space; and
- (5) Base Rent Per Month is _____.

IN WITNESS WHEREOF, this Memorandum is executed this ____ day of _____, 200__.

"Tenant"

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Name: _____
Its: _____

"Landlord"

CINEMA PROFESSIONAL CENTER,
LLC,
a California Limited Liability Company

By: Cinema EQ Investors

Its: Managing Member

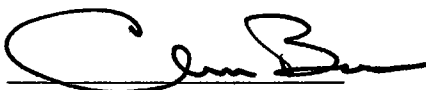
By: 
Name: Charles Benson_____
Its: Managing Partner_____

EXHIBIT C

TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

Attn: _____

Re: Date of Certificate: _____
 Lease Dated: _____
 Current Landlord: _____
 Located at: _____
 Premises: _____
 Commencement Date of Term: _____
 Expiration Date: _____
 Current Rent: _____

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

1. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.

2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

 (b) The current Rent is set forth above.

 (c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Except as specified in the Lease, Tenant has no option or right to renew, extend or cancel the Lease.

 (d) Except as specified in the Lease, Tenant has no option or right to lease additional space in the Premises or Building or to use any parking.

 (e) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

 (f) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession, except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified, changed, altered or amended and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.

(c) The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

By: _____

Name: _____

Title: _____

EXHIBIT D

SUBORDINATION, NON-DISTURBANCE

AND ATTORNMENT AGREEMENT

AND WHEN RECORDED MAIL TO:

County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012

)
)
)
)
)
)

Space above for Recorder's Use

SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

NOTICE: THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This Subordination, Non-Disturbance and Attornment Agreement ("Agreement") is entered into as of the _____ day of _____, 200__ by and among COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), _____ ("Borrower") and _____, ("Lender").

Factual Background

A. Borrower owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.

B. Lender has made or agreed to make a loan to Borrower. The Loan is or will be secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").

C. Tenant and Borrower (as "Landlord") entered into a lease dated _____ (the "Lease") under which Borrower leased to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").

D. Tenant is willing to agree to subordinate certain of Tenant's rights under the Lease to the lien of the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a Non-Disturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Subordination. The Lease shall be subject and subordinate to the lien of the Deed of Trust and to any renewals, modifications, consolidations, replacements and extensions of the Deed of Trust to the full extent of the principal sum secured by the Deed of Trust including any interest except that if Tenant is granted any option to extend the term of the Lease, right of first offer to lease additional premises, option to purchase the Property, or right of first option to purchase the Property in the Lease such provisions shall not be affected or diminished by this subordination which is conditioned upon the agreement of Borrower and Lender in section 3 hereof.

2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

3. Non-Disturbance. The Transfer of the Property or any enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby, or deprive Tenant of any other property rights granted in the Lease.

4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.

6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: _____

To Borrower: _____

To Tenant: County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State.

8. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one and the same instrument.

TENANT: COUNTY OF LOS ANGELES,
a body politic and corporate

APPROVED AS TO FORM

RAYMOND G. FORTNER, JR.
County Counsel

By: _____

Deputy County Counsel

By: _____
William L. Dawson
Deputy Director of Real Estate

BORROWER:

By: _____
Name: _____
Title: _____

LENDER: *[Insert name of Lender]*,
By: _____

NON-DISTURBANCE AND ATTORNMENT AGREEMENT

Space above for Recorder's Use

D. Tenant's rights under the Lease are subordinate to the lien of the Deed of Trust. Tenant is willing to make the substantial investment in the Premises required under the Lease, provided that Lender agrees to a nondisturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser," as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.
2. Nondisturbance. The Transfer of the Property or enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby, or deprive Tenant of any other property rights granted pursuant to the Lease.
3. Attornment. Provided that Lender complies with Section 2 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.
4. Lender Not Obligated. Provided that Lender complies with Section 2 above, Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.
5. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: _____

To Borrower: _____

To Tenant: County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

6. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State. This Agreement is the entire agreement between the Lender and Tenant and may only be modified by a written amendment executed by Lender and Tenant.

APPROVED AS TO FORM

TENANT: COUNTY OF LOS ANGELES,
a body politic and corporate

RAYMOND G. FORTNER, JR.
County Counsel

By: _____

Deputy County Counsel

By: _____

Director of Real Estate

BORROWER: [Insert name of Landlord] *Cinema Professionals*

By: *Charles Benson* *Center, LLC*

Name: *Charles Benson*

Title: *Managing Partner, Cinema EQ Investors*

LENDER: [Insert name of Lender]

By: _____

Name: _____

Title: _____

EXHIBIT F

REQUEST FOR NOTICE

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

REQUEST FOR NOTICE

(UNDER SECTION 2924B CIVIL CODE)

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust described below:

Date of Recording of Deed of Trust

Instrument Number of Deed of Trust

Trustor

Trustee

Beneficiary

be mailed to County of Los Angeles, Chief Executive Office, Real Estate Division, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012, Attention: Director of Real Estate.

"LENDER:

_____,
a _____

By: _____
SIGNED NAME

Its: SIGNED TITLE

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

COUNTY OF _____ ss.

On this ____ day of _____, 20____, before me, _____
_____ a Notary Public in and for the State of California, personally appeared _____
_____ personally known to me (or proved on the
basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

WITNESS my hand and official seal

Signature _____

My commission expires _____.

EXHIBIT G

COMMUNITY BUSINESS ENTERPRISE FORM

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

Firm Name	
Address	
Contact Name	
Telephone No.	
Total # of Employees	
Business Structure*	

*Corporation, Partnership, etc.

MINORITY/WOMEN PARTICIPATION IN FIRM

	OWNERS	ASSOCIATE PARTNERS			
Black/African American					
Hispanic/Latin					
Asian American					
Portuguese American					
A. Indian/Alaskan					
All Others					
TOTAL					
Women*					

**Should be included in counts above and reported separately)*

PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

	TOTAL # OF OWNERS	% OF OWNERSHIP
Black/African American		
Hispanic/Latin American		
Asian American		
Portuguese American		
American Indian/Alaskan Native		
All Others		
TOTAL		
Women*		

**Should be included in counts above and reported separately*

CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

Is your firm currently certified as a minority owned business firm by the:

	yes	No
State of California?		
City of Los Angeles?		
Federal Government?		

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS FORM.

Initial here if applicable	Initial
SIGNED:	
TITLE:	
DATE:	

LANDLORD'S WORK LETTER

For

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AND AGREEMENT**

DEPARTMENT:MENTAL HEALTH , as Tenant

LANDLORD: CINEMA PROFESSIONAL CENTER, LLC

Address: 23501 Cinema Drive, Valencia, CA 91355

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated _____, 2007, executed concurrently herewith, by and between _____ as Landlord, and COUNTY OF LOS ANGELES as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. Basic Work Letter Information. The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

(a) <u>Base Tenant Improvement Allowance</u>	\$408,440 (i.e., \$40.00 per useable square foot of the Premises)
(b) <u>Additional Tenant Improvement Allowance</u>	\$510,550 (i.e., \$50.00 per useable square foot of the Premises)
(c) <u>Maximum Change Order Allowance</u>	\$ 100,000
(d) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u>	9 % per annum
(e) <u>Basic Rent Reduction per \$1,000</u>	N/A
(f) <u>Tenant's Work Letter Representative</u>	Kevin Webb or an assigned person of the Chief Executive Office-Real Estate Division
(g) <u>Landlord's Work Letter Representative</u>	Ken Kennedy
(h) <u>Landlord's Address for Work Letter Notice</u>	<u>149 S. Barrington Ave. #330</u> <u>Los Angeles, CA 90049</u>
(i) <u>Tenant's Address for Work Letter Notice</u>	Board of Supervisors Kenneth Hahn Hall of Administration 500 West Temple Street, Room 383 Los Angeles, California 90012 With a copy to: Chief Executive Office- Real Estate Division 222 South Hill Street, 3 rd Floor Los Angeles, California 90012 Attention: Director of Real Estate
(j) Addenda	Addendum A: Base Building Improvements Addendum B: Tenant Improvements Addendum C: Memorandum of Tenant Improvements Costs

2. Construction of the Building.

2.1 **Base Building Improvements.** Landlord has constructed and shall construct the base Building improvements as a part of the Building as described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Exhibit A to the Lease and Addendum B hereto. All soft costs, architecture and engineering costs associated with the Base Building Improvements shall be itemized and separated from all soft costs, architecture and engineering costs associated with the Tenant Improvements.

2.2 Additional Costs Not Tenant Improvement Costs

(a) In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to the Building Common Areas to cause the Premises to comply with the access requirements of the ADA or make existing Base building systems, including, but not limited to, electrical service and HVAC equipment, operational shall be at Landlord's sole cost and expense. Costs of upgrades to the operational HVAC and electrical systems identified in Exhibit A to the Lease and Addendum B shall be funded via the Tenant Improvement Allowances. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iii) utility costs incurred during construction, (iv) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease except for those set forth in Exhibit A to the Lease and Addendum B.

2.3 **Base Building Plans.** Landlord has delivered to Tenant "as built" plans and specifications for the Building. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will be reimbursed to Tenant and any delay caused thereby shall not be a Tenant Delay, as defined below.

3. **Selection of Architect and Engineer.** Landlord shall promptly solicit at least 3 proposals from qualified licensed architect(s) ("Architect") and engineer(s) ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings for Tenant Improvements as defined below. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within 3 business days after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. **Selection of Contractor** The Final Plans for the Tenant Improvements, as defined below in Section 5.4, shall be submitted to contractor(s), selected by Landlord and approved by Tenant, sufficient in number so that a minimum of 3 bids are received. Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.

5. **Preparation of Plans and Specifications and Construction Schedule.**

5.1 **Preparation of Space Plan.** Concurrently with the execution of this Lease, Tenant shall submit to Landlord a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, and file room (the "Space Plan", which is attached to the Lease as Exhibit A).

5.2 **Preparation and Approval of Working Drawings.** Within 10 business days after this Lease is executed by the County Board of Supervisors (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings for the Tenant Improvements (the "Working Drawings"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

5.3 **Preparation and Approval of Engineering Drawings.** Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings shall be submitted for Tenant's review.

5.4 **Integration of Working Drawings and Engineering Drawings into Final Plans.** After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver 5 sets of the Final Plans to Tenant. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.5 Approval of Plans by Tenant. Approval by Tenant shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

5.6 Schedule. Within 30 days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant which approval shall not be unreasonably withheld, setting forth the dates for specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

6. Final Construction Budget and Payment of Tenant Construction Costs

6.1 Construction Budget. Within 10 business days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget"). Such budget shall be revised into final form within 10 business days from the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall have 5 business days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant indicates its approval or disapproval of the Final Construction Budget or the 5 business day period expires without any response from Tenant. In the event Tenant disapproves the Final Construction Budget due to matters related to cost and the Final Construction Budget is 10% or more higher in cost than was projected in the Preliminary Construction Budget, then any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay.

Landlord shall construct the Tenant Improvements according to Tenant's plans and specifications outlined in Lease Exhibit A and Addendum B hereto Landlord will pay for the cost of construction of the Tenant Improvements up to the amounts specified in Sections 1(a) and 1(b) of this Work Letter. Any additional amounts needed for the completion of the construction of Tenant Improvements will be the sole cost and responsibility of the Tenant. When considering the costs of the Tenant Improvements, the following shall be included in the determination of said costs: an amount equal to Landlord's actual costs for architects' fees, contractors' fees, engineers' fees, other professionals' fees (if any, and only as approved in advance by Tenant), plus an additional charge of 4% of construction costs for those items set forth in Addendum B, as a supervision fee for Landlord.

6.2 Additional Tenant Improvement Allowance. All improvements required by the Final Plans and modular furniture described in the Modular Specifications, as further described in Lease Exhibit A and Addendum B hereto, shall be collectively referred to herein as "Tenant Improvements" and the cost thereof shall be first borne by Landlord up to the total amounts specified in Sections 1(a) and 1(b) of this Work Letter and later reimbursed by Tenant in the manner provided for in section 6.3 hereof.. Any costs for Tenant Improvements above the total amounts specified in Sections 1(a) and 1(b) of this Work Letter will be borne by, and will be the sole cost and responsibility, of the Tenant. Costs of Tenant Improvements may include costs for furniture, telecommunications equipment, soft costs and any other costs designated in writing by Tenant in the aggregate not to exceed the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and the Maximum Change Order Allowance, as defined in Section

1 hereof ("Tenant Improvement Costs"). Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Tenant Delays as defined below. It is anticipated that the Tenant Improvement Costs will exceed the Base Tenant Improvement Allowance so that Tenant may authorize Landlord to pay the overage in an amount not exceeding the Additional Tenant Improvement Allowance. The amount of the Additional Tenant Improvement Allowance shall be paid to Landlord as provided herein.

6.3 **Method of Payment.** That portion of the Additional Tenant Improvement Allowance and/or cost of the Change Order, if any, used to pay for the Tenant Improvement Costs above and beyond the Base Tenant Improvement Allowance shall be paid to Landlord in amortized monthly payments over the initial 60 months of the term of the Lease at the Tenant Improvement Amortization Rate. Tenant may at any time during the Term prepay Landlord in a lump sum for all or any portion of the Tenant Improvement Costs, amortizing any remaining amount in monthly payments over the term of the Lease at the Tenant Improvement Amortization Rate.

7. **Construction of Tenant Improvements.**

7.1 **Tenant Improvements.** Tenant Improvements to be constructed by Landlord are described more particularly on Exhibit A to the Lease and Addendum B hereto. If any work required by the Final Plans is not described on Exhibit A to the Lease and Addendum B hereto such work shall be performed by Landlord at its own cost and expense and shall not be included in the cost of Tenant Improvements, except for changes requested or required by Tenant after the date of execution of this Lease.

7.2 **Bids.** Unless waived by Tenant in writing, any major contractors, subcontractors and materials providers providing labor and/or materials for the Tenant Improvements shall be selected only after 3 bids have been solicited from responsible and qualified persons. Landlord shall submit 3 sealed fixed price bids for the construction of the Tenant Improvements to Tenant for its review prior to the award of the Construction Contract. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) **Permits.** Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) **Commencement of Construction.** Landlord shall commence construction of the Tenant Improvements within 15 business days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.

7.3 **Construction.** Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) **Notice of Nonresponsibility.** Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Landlord as part of the Tenant Improvement Allowances in accordance with Tenant's Space Plan, and all costs of such are to be included as part of the cost of Tenant Improvements in the Construction Contract. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Clean-Up Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors. The costs of such clean-up, including any dumpster fees, will be included as part of the cost of the Tenant Improvements in the Construction Contract. Landlord further agrees to reimburse Tenant for any and all expenses incurred by Tenant as a result of inadequate clean-up, only after providing Landlord with 10 days written notice specifying in reasonable detail what it considers inadequate clean-up and allowing Landlord 10 days to cure such remaining clean-up.

(d) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site.

7.4 Conformed Plans. Within 60 days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. The amount of the Maximum Change Order Allowance set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Executive Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance.

Upon Substantial Completion of the Tenant Improvements, Tenant shall pay for Change Orders via partial or full lump sum payment and/or via amortized monthly payments over the initial 60 months of the term of the Lease at the Tenant Improvement Amortization Rate subject to the amounts specified in Sections 1(a), 1(b) and 1(c) of this Work Letter. Landlord shall submit to the Chief Executive Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Executive Officer.

9. Furniture System.

9.1 Tenant shall deliver to Landlord within 10 business days after the Lease is executed by the County Board of Supervisors, modular furniture plans and specifications (the "Modular Specifications", Exhibit A to the Lease). Based on the Modular Specifications, Landlord and /or Landlord's architect, shall prepare a modular furniture specifications bid package for submission to no less than 3 furniture vendors. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the right to approve or disapprove the bid package. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs (shipping, storage, and taxes). Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price, and such vendor ("Vendor") shall enter into a contract ("Furniture Contract") with Landlord consistent with the terms of the bid.

Landlord shall provide as part of the Tenant Improvement Allowances specified in Sections 1(a) and 1(b) of this Work Letter, the modular furniture set forth in the Modular Specifications and shall not be responsible for the cost of such modular furniture together with the cost of Tenant Improvements which are in excess of the Additional Tenant Improvement Allowance. Tenant shall reimburse the Landlord for the cost of the modular furniture as set forth in Section 6.3 hereof. The Furniture Contract or financed transaction entered into between the Landlord, the furniture vendor and/or lender shall be acceptable to the Tenant, including, but not limited to, a lease purchase agreement, provided the outstanding balance can be no more than One Dollar (\$1) at the end of a term not to exceed 60 months.

9.2 Tenant may opt to finance the lump-sum payment for the cost of modular furniture through lease-purchase financing with a third-party (Creditor"). In the event the Tenant elects to enter into a lease-purchase financing of the furniture (the "Personal Property") through a Creditor, Landlord expressly agrees as follows:

(a) The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor.

(b) Landlord shall be notified by Creditor of any plan by Creditor to remove the Personal Property.

(c) This section shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord does hereby waive any right to gain possession of any of Personal Property during the term of this Lease.

10. **Tenant Improvement Costs Adjustment and Right to Audit.** Within 20 days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Santa Clarita, which ever occurs first, Landlord shall notify Tenant of the final Tenant Improvement costs, by executing a summarized breakdown of the total costs of the Tenant Improvements in the form of the attached Addendum C – Memorandum of Tenant Improvement Costs. Tenant shall have the right to audit such costs for a period of 24 months from the date of Tenant's acceptance of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Landlord's Work Letter, Tenant shall provide Landlord with a copy of the audit summary and Landlord shall pay Tenant the amount of any over-payment made by Tenant within 30 days and future payments shall be adjusted as appropriate based upon the audit results.

11. **Exclusions.** Intentionally Omitted.

12. **Telephone/Computer Room and Equipment.** Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least 30 days prior to the Projected Commencement Date. During this 30 day period, the Landlord shall be responsible for any telephone/data equipment delivered to the site for programming prior to the Projected Commencement Date. The costs of such equipment and work shall be part of the Tenant Improvements.

13. **Delay.**

13.1. **Tenant Delays and Force Majeure Delays.** Except as set forth herein, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements (excluding Tenant Delays, defined below). Subject to the provisions of Section 13.2, the Projected Commencement Date set forth in the Lease shall be extended 1 business day for each day that: (i) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (ii) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

13.2. **Limitations.**

(a) **Notice.** No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within 72 hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make.

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if there are 10 days of Tenant Delays and 4 days of Force Majeure Delays which occur during the same 10 day period of such Tenant Delays, then the Projected Commencement Date would be extended by only 10 days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date would be extended by 14 days.

(d) Change Orders. Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

14. **Tenant Remedies**. If Landlord fails to obtain the building permit to construct the Base Building Improvements and/or Tenant Improvements within a reasonable time, taking all factors into consideration, or if the Base Building Improvements and/or Tenant Improvements have not been completed within 120 days from the Projected Commencement Date, Tenant may, at its option:

14.1. Cancel the Lease upon 30 days written notice to Landlord; or

14.2. Upon 30 days written notice to Landlord, assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide Tenant Improvements itself, then:

(a). Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b). Tenant shall not have the right to terminate this Lease pursuant to Section 14.1 hereof. Notwithstanding the foregoing, all other early termination provisions of the Lease and this Work Letter shall remain valid and prevail throughout the Base Building Improvement and Tenant Improvement process and term of the Lease.

(c). Rent shall be abated for so many days as it takes for Tenant to complete the Tenant Improvements and such rental abatement shall not exceed a total amount of \$408,440. It is further agreed that Landlord shall be responsible for reimbursing Tenant for its financial, administrative, and project management costs within 60 days of the Lease Commencement Date. The amount Landlord shall reimburse Tenant, above and beyond the rental abatement, shall be 10% of the amount actually expended by Tenant to complete the Tenant Improvements. In the event Landlord does not reimburse Tenant, the reimbursement amount shall be deducted from future rent payable hereunder.

Any default by Landlord under the terms of this Landlord's Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

15. **Representatives.**

(a) **Tenant Representative.** Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

(b) **Landlord Representative.** Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

16. **Elevator Usage During Move-In.** In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements, Landlord shall cause to be made operational (a) a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of one (1) passenger elevators in the elevator bank that services the Premises in order to assist Tenant in the installation of Tenant's fixtures, furniture and equipment.

17. **Construction Meetings.** During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within 5 business days of the date the Contractor is selected.

18. **Delivery.** Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

LANDLORD: CINEMA PROFESSIONAL CENTER, LLC

By: Cinema EQ Investors
Its: Managing Member

By: 
Name: Charles Benson
Its: Managing Partner

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
ZEY YAROSLAVSKY
Chairman, Board of Supervisors

ADDENDUM A To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

Landlord has constructed and shall construct, at its sole cost and expense Base Building Improvements to include the following:

(a) the Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;

(b) the mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Common Areas of the Building;

(c) men's and women's Common Area restrooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;

(d) concrete floors with trowelled finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;

(e) Common Area HVAC system and duct for cooling and heating;

(f) primary fire sprinkler distribution in the Common Areas and Premises, and secondary piping and sprinkler heads in the Common Areas as required by government regulations;

(g) primary fire-life safety enunciation system "backbone" and panels as required by government regulations;

(h) gypsum board drywall on the Common Area side of service core walls, columns and on the sills in the Premises.

(i) Building common telephone closet with MPOE for phone service;

(j) Building common mechanical equipment room with ducted mechanical exhaust system;

(k) Access to Building electrical panel in Building electrical room providing 277/480 volts of power. Tenant will be allowed a maximum of 14 watts of electrical power per square foot of useable space, covering Tenant's HVAC, lighting, receptacles and general electric use.

ADDENDUM B To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements to be constructed using the Tenant Improvement Allowances shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finishes in the Premises;
- (c) Interior finishes of any kind within the Premises;
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (f) HVAC system and distribution throughout the Premises and any electrical upgrades above and beyond the Base Building Improvements set forth in Addendum A hereof;
- (g) Conduits, electrical/data outlets and other electrical components sufficient for Tenant's electrical and data specifications;
- (h) Any and all signs for Tenant and the power therefor;
- (i) After-hours HVAC system, separate from main Base Building HVAC system, for telephone/computer room;
- (j) Low voltage security, fire and life-safety systems, CCTV, alarm, phone, computer and/or access control systems;
- (k) Premises-specific telephone/computer room.
- (l) Premises-specific electrical closet with transformer(s) providing adequate power of no more than fourteen (14) watts per useable square foot;
- (m) Secondary (below Tenant ceiling) fire-sprinkler piping in Premises;
- (n) any other items required by Tenant not listed on Addendum A, above.

ADDENDUM C To Landlord's Work Letter

Memorandum of Tenant Improvement Costs

This Agreement is dated this _____ day of _____, 2007, for reference purposes only, by and between Landlord, _____, and Tenant, COUNTY OF LOS ANGELES.

The parties hereto have entered into a Lease dated as of _____ (the "Lease") for the leasing by Landlord to Tenant of the buildings located at _____ ("the Premises").

Landlord and Tenant hereby confirm the following:

A. The final total cost of the tenant improvements is (\$_____).

This is comprised of:

Lease Budget		<u>Actual Cost</u>
\$ 408,440	Tenant Improvement Allowance	\$_____
\$ 510,550	Additional Tenant Improvement Allowance	\$_____
\$ 100,000	Change Order Allowance	\$_____
\$ 1,018,990	Total	\$_____

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Landlord:

CINEMA PROFESSIONAL CENTER, LLC,
a California Limited Liability Company

By: Cinema EQ Investors

Its: Managing Member

By: 

Name: Charles Benson _____

Its: Managing Partner _____

Tenant:

COUNTY OF LOS ANGELES

By _____